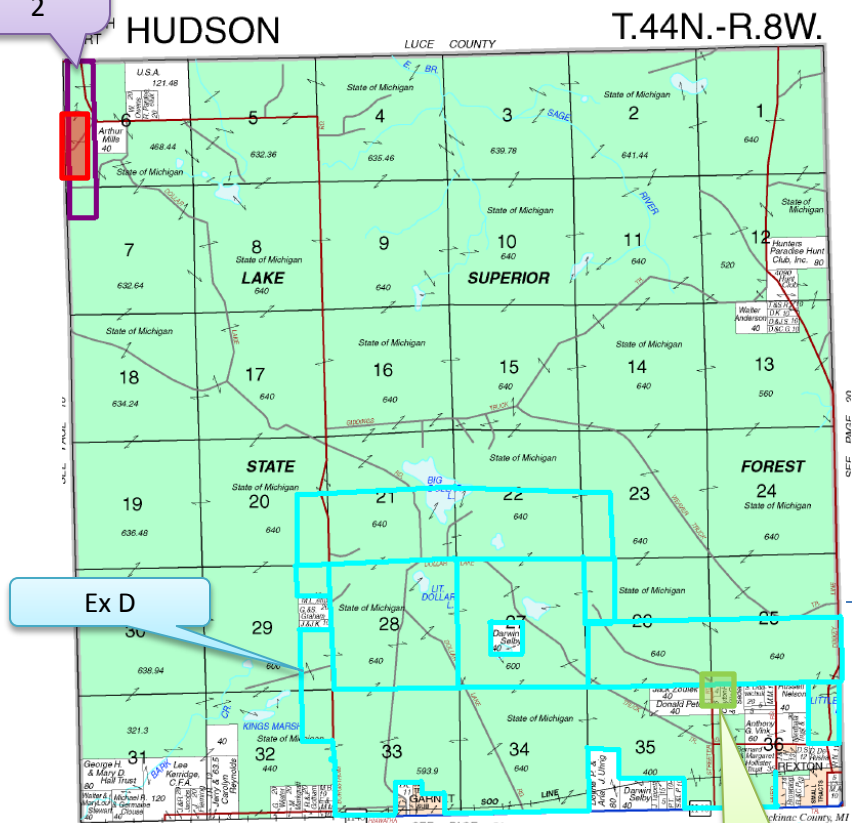


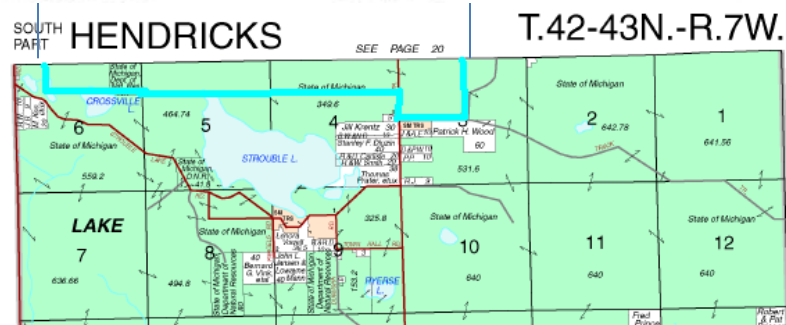
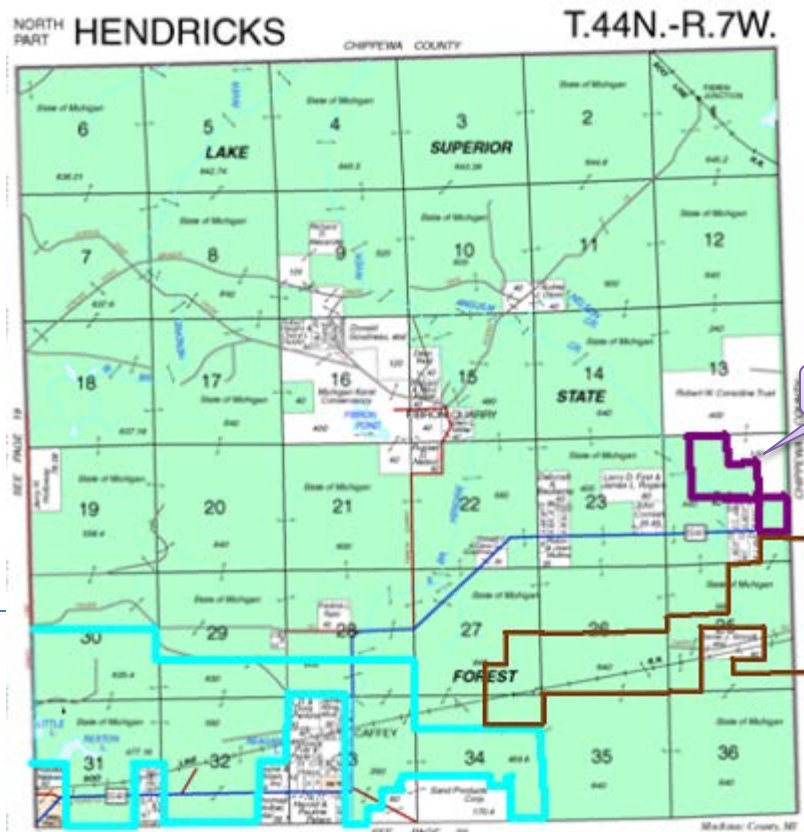
Ex 1  
See Pg  
2

# Mackinac County



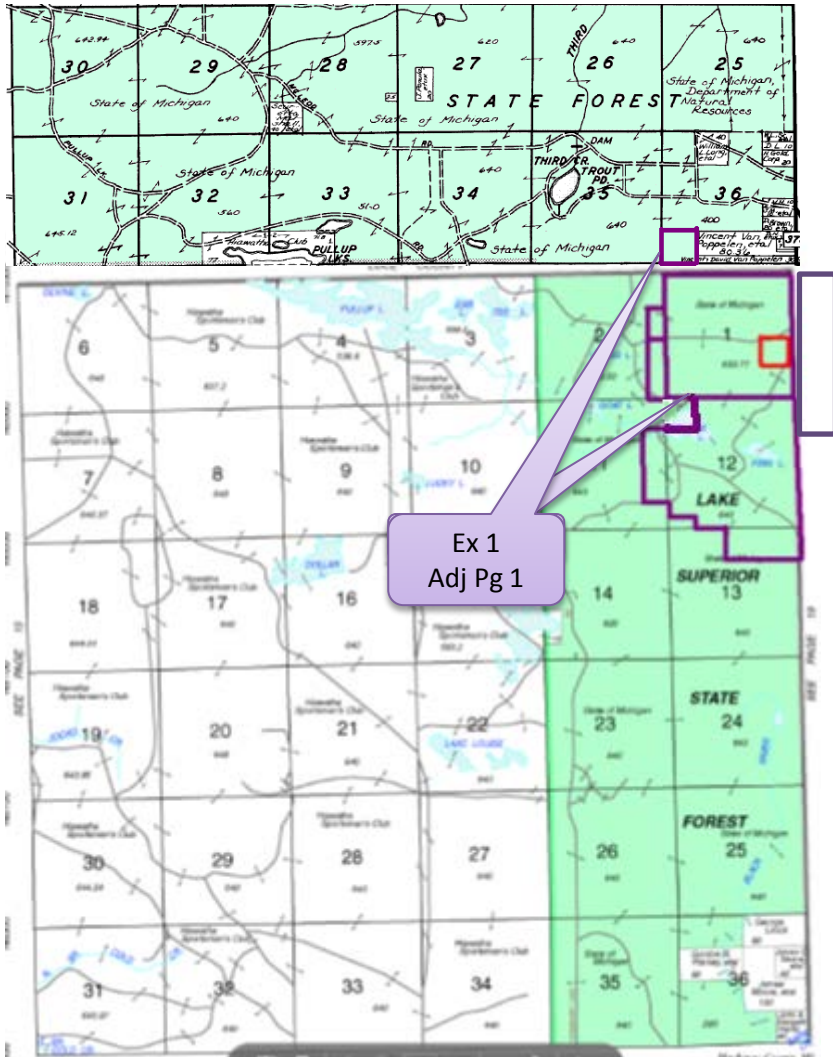
Minerals only

Exhibit 1 - Purple  
Exhibit D – Turquoise  
Optioned - Brown  
Buyer Land - Red



Luce Co., Central Pt Pentland

T45N – R9W



Mackinac Co., NE Pt Garfield

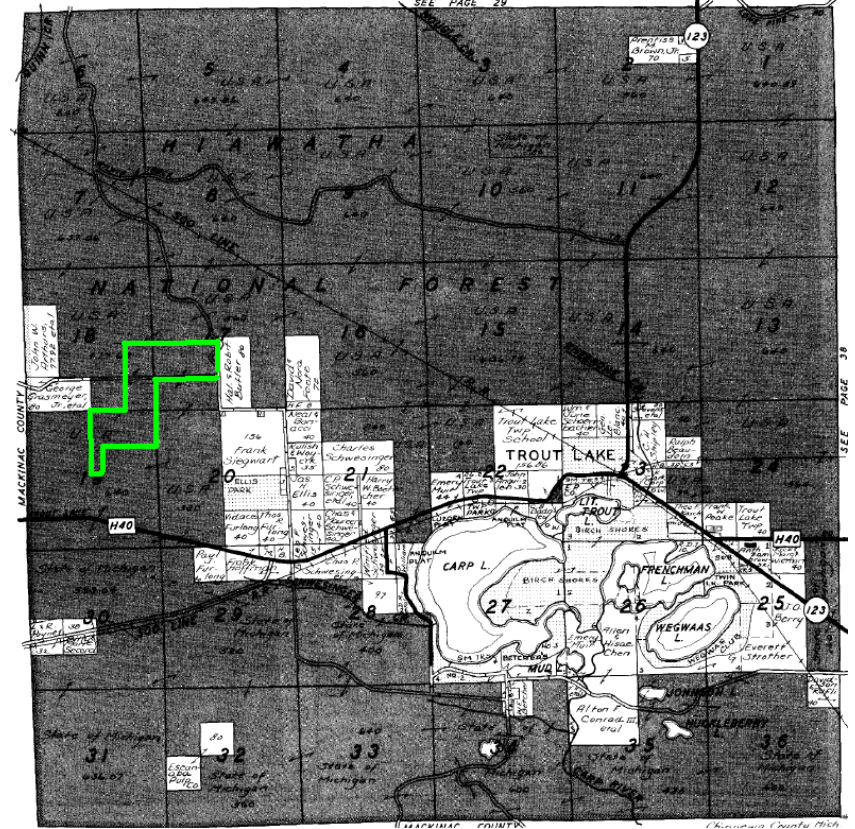
T44N – R9W

Chippewa Co.

SOUTHWEST PART

TROUT LAKE

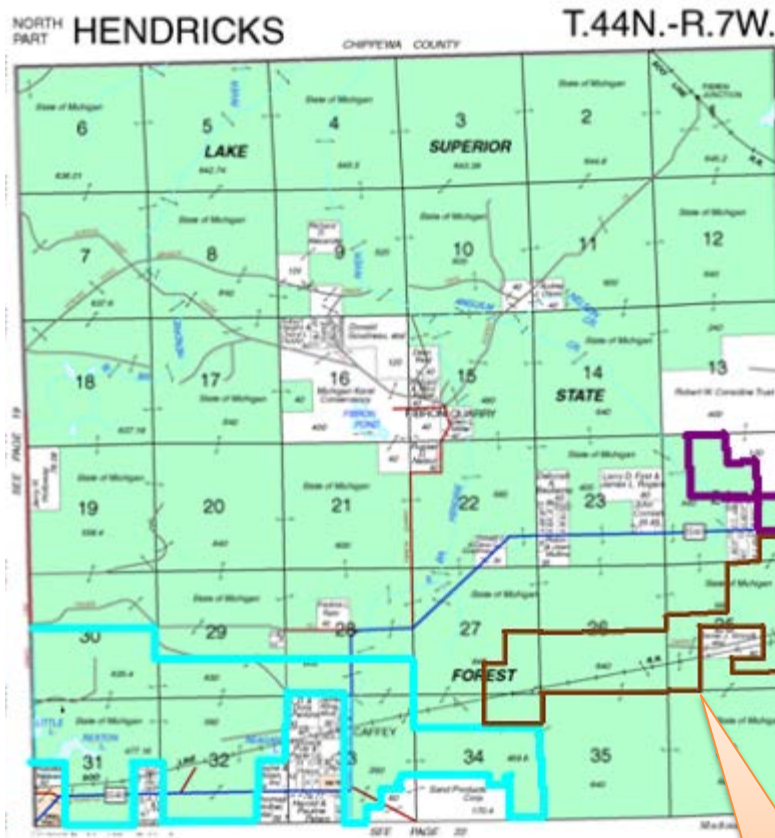
T.44N-R.6 W.



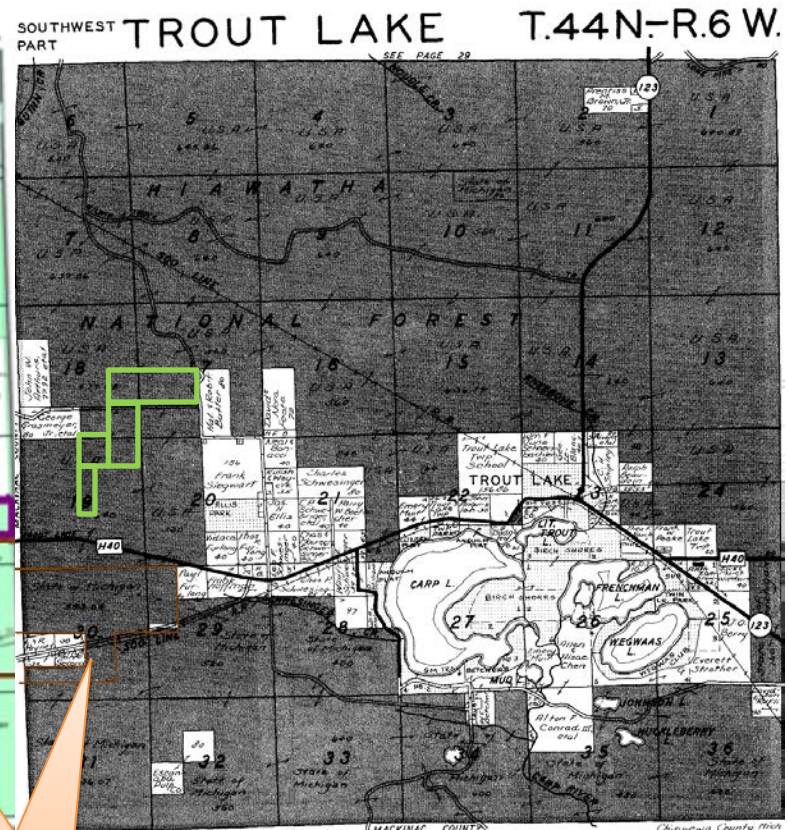
Minerals – Lime Grn



## Mackinac County



## Luce County



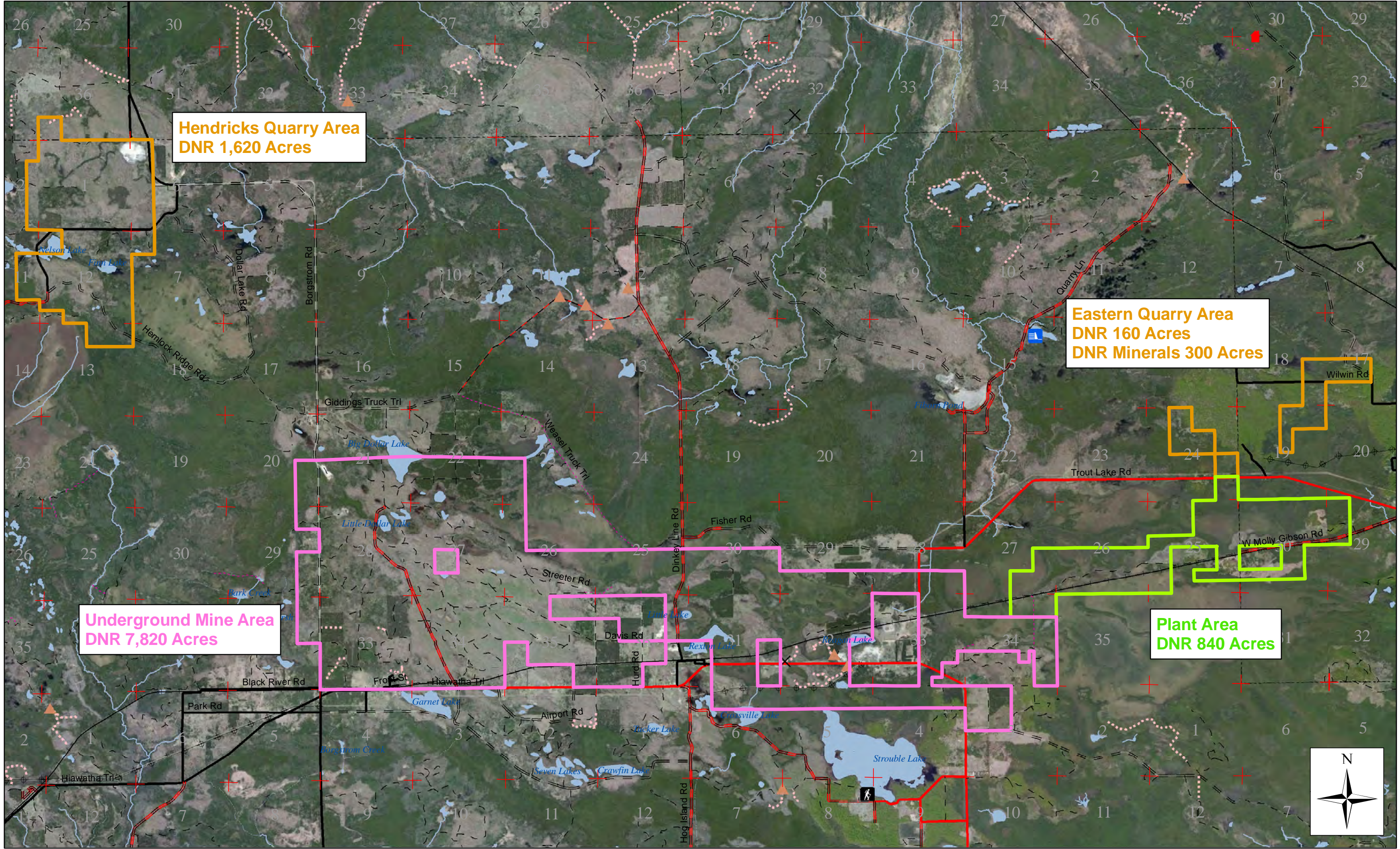
Optioned Land - Brown

Optioned State Land





# Proposed T44N Area - Draft 8/7/2013







# Proposed T44N Area - Draft 8/7/2013

Legend

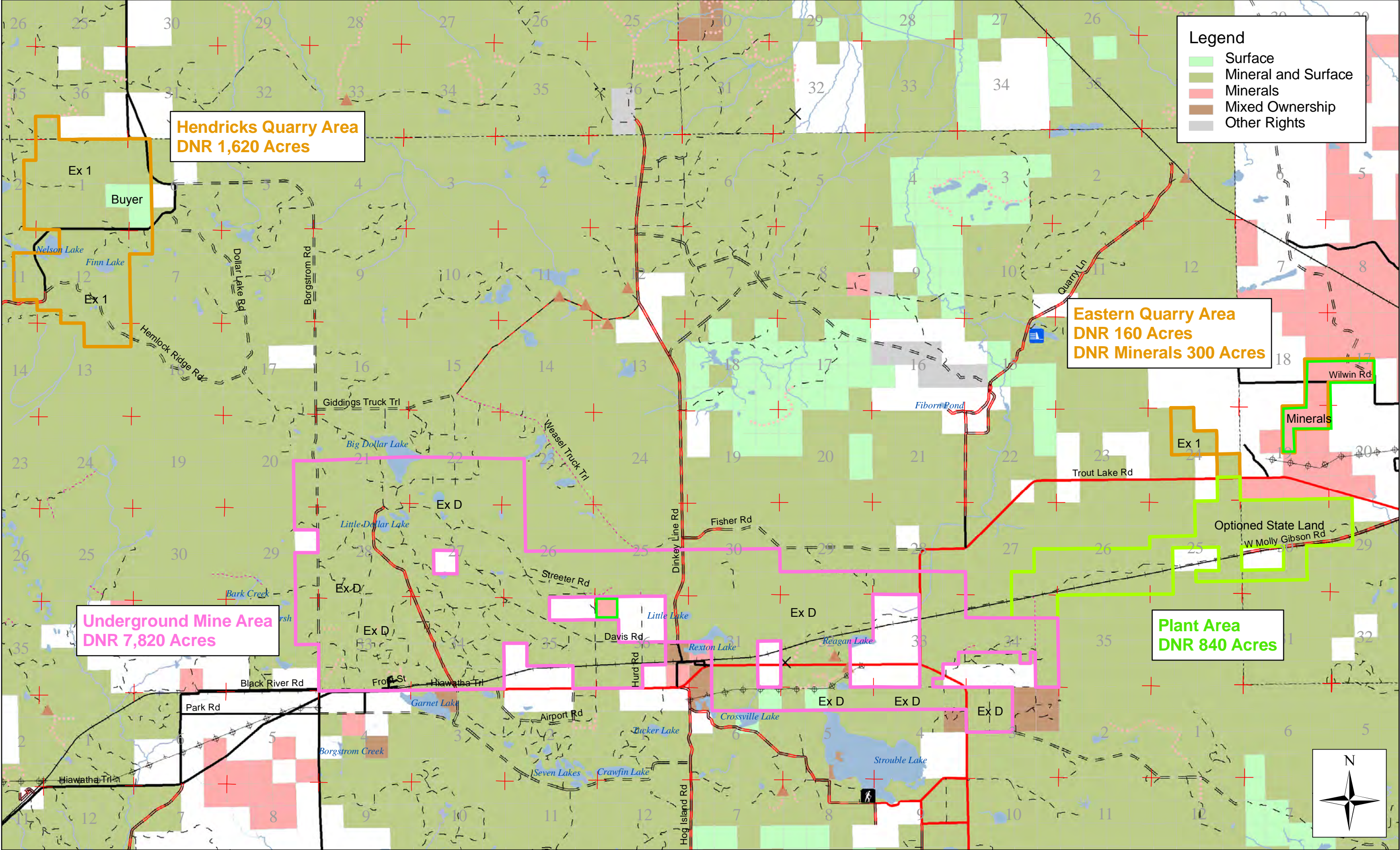
- Surface
- Mineral and Surface
- Minerals
- Mixed Ownership
- Other Rights

**Hendricks Quarry Area**  
DNR 1,620 Acres

**Eastern Quarry Area**  
DNR 160 Acres  
DNR Minerals 300 Acres

**Underground Mine Area**  
DNR 7,820 Acres

**Plant Area**  
DNR 840 Acres







**LAND TRANSACTION AGREEMENT**  
By authority of Part 21 of Act 451, P.A. 1994, as amended

FOR DNR USE ONLY

Case No.

Land Class

File:

**TYPE OF TRANSACTION:** ☐ EXCHANGE ☒ PURCHASE ☐ PRIVATE EASEMENT

**DESIRED STATE-OWNED LAND:** ☒ I (We) hereby agree to pursue by exchange/purchase interest in the land described below with the indicated restrictions and reservations:

Project Area [fill in later by attaching Exhibits ]	Acres	Fair Market Value of Desired State Land \$
--	-------	---

The State deed will be subject to the following reservations:

☐ Minerals ☐ Antiquities ☐ Ingress & Egress to Watercourses ☐ Other:

Property Description: See attached Exhibit A. Purchase is subject to the provisions set forth in the attached Addendum.

**LAND OFFERED IN EXCHANGE:** ☒ None

☐ I (we) hereby agree to exchange the following private land which is under (my) (our) ownership or control:

Project Area	Acres	Minerals <input type="checkbox"/> Conveyed <input type="checkbox"/> Reserved	Fair Market Value of Offered Private Land \$
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Property Description:

**CERTIFICATION:** I (We) have read and also agree with the enclosed requirements and conditions.

NAME OF OWNER(S) (PRINT OR TYPE)

SIGNATURE OF OWNER(S)

DATE

1. GRAYMONT (MI) LLC
2. STATE OF MICHIGAN
3. DEPARTMENT OF NATURAL RESOURCES
- 4.

Mailing Address	City	State	Zip Code
111 Lyon Street NW, #900	Grand Rapids	MI	49503-2487

**Requirements and Conditions at Page 2.**

## REQUIREMENTS AND CONDITIONS

### As the purchaser I (we) understand:

1. That updated proof of the State's title claim to the desired land is not available and if desired must be obtained at my (our) expense.
2. That values reported include mineral values, unless otherwise specifically stated. The exchange or purchase of mineral rights, together with the surface rights, is dependent upon ownership of the mineral rights, which will be verified by title review.
3. That the "In Lieu of tax" payments on the State-owned land due during the year of completion of the exchange/sale will be made by the Michigan Department of Natural Resources in accordance with existing statutes.
4. That I (we) have read the accompanying *brochure* which explains the procedures.

### I (We) further understand that if providing land in exchange that I (we) must:

1. Submit proof of title to the offered land for review by the Attorney General in form of:
  - a) Full Abstract of Title certified to the then current date including 10-year property tax history and State and Federal Tax Lien Search, **OR**
  - b) Commitment for "Owners" Title Insurance Policy insuring title to the STATE OF MICHIGAN in the amount of the appraised value of the desired State land.  
(Title information must include matters pertinent to mineral rights unless "Surface title only" to be conveyed.)
2. Pay and provide receipts for taxes assessed on the offered land for the year in which the State Deed is issued to complete the exchange, and any delinquent taxes.
3. Pay closing costs in connection with the completion of the real estate transaction which may include but not be limited to, recording fees for documents to establish title in the applicant's name and Real Estate Transfer Tax based on value consideration shown on conveyance to State.
4. All owners of interest in the property being exchanged must sign the Agreement.
5. Questions or concerns may be addressed by contacting the Michigan Department of Natural Resources, Real Estate Services Section at 517-241-3455, or TTY/TTD: 711 (Michigan Relay Center)

**MAIL SIGNED AGREEMENT TO:** REAL ESTATE SERVICES  
MICHIGAN DEPARTMENT OF NATURAL RESOURCES  
PO BOX 30448  
LANSING MI 48909-7948

## ADDENDUM TO LAND TRANSACTION AGREEMENT

THIS ADDENDUM ("Addendum") supplements and amends the offer to purchase of GRAYMONT (MI) LLC, a Michigan limited liability company, of 111 Lyon Street, N.W., Suite 900, Grand Rapids, Michigan 49503-2487 ("**Buyer**"), set forth in the attached Land Transaction Agreement ("**Agreement**") regarding certain interests in lands owned by the State of Michigan ("**State**") legally described on the attached **Exhibit A**. If Buyer's offer is accepted by State, the term "**Agreement**" shall be deemed to include this Addendum, and the provisions of this Addendum shall be part of the Agreement and shall control in the event of any inconsistency.

The following additional provisions are added to the Agreement:

1. **Scope of Interest Conveyed by State.** Buyer owns the rights to explore for and mine the limestone and other minerals under the land described as the "**Buyer Land**" on the attached **Exhibit A**. State owns the surface and other rights in the Buyer Land, including a reversionary interest at the end of 99 years in the limestone and other minerals underlying the Buyer Land. State owns the surface and subsurface mineral rights, or the severed subsurface minerals rights, sometimes including the limestone, in the "**State Land**" described on the attached **Exhibit A**. State's interest in the surface of the State Land and Buyer Land is referenced in this Addendum as the "**State Surface**." State shall quit claim to the Buyer not only the surface of the "**State Land**" and "**Buyer Land**" to be acquired described on the attached **Exhibit A**, but also State's entire interest, if any, in all oil, gas and other minerals under or that may be produced from the State Land and Buyer Land, together with all the improvements, fixtures, easements, division rights, hereditaments and appurtenances associated with that real estate, expressly including, without limitation, all limestone, dolomite, sand, gravel, clay, marl and other nonmetallic minerals.

2. **Negotiated Purchase.** This transaction constitutes a negotiated sale of surplus land pursuant to MCL Sections 324.2131 and 324.2132 and in accepting Buyer's offer and proceeding to closing, State shall have determined that the transaction meets the requirements of those statutes for making this sale and that State is enabled to complete this sale. As provided by applicable law for a negotiated cash sale of surplus land, Buyer shall pay to State as the purchase price the fair market value of the desired State Land and State's interest in the Buyer Land as established by appraisal and noted in the Agreement, plus ten percent (10%). As Buyer will pay to Seller a production payment in accordance with **Paragraph 3** below, such appraisal shall exclude any consideration of the value of limestone and dolomite that may be present on the desired State Land and State's interest in the Buyer Land. The appraisal shall include consideration of the effect on value posed by **Paragraphs 4, 5, 7 and 8** below, including, without limitation, the uses retained under the attached **Exhibit B**, the Surface Easement (defined below and described in the attached **Exhibit D-2**) and State's retention of timber rights under it, and the right of first offer described in **Exhibit E**. Buyer shall pay the purchase price at closing by wire transfer of collected funds or cashier's check.

3. **Limestone Production Payment to State.** State reserves a production payment equal to [to be established prior to signature by mineral evaluation acceptable to the parties] cents



per ton of limestone and dolomite mined from and transported away from the State Land, but only for parcels where State conveyed good and marketable title to the limestone and dolomite, and not for Buyer Land. The production payment shall be adjusted annually to reflect any change in the Producer Price Index-Commodities, series ID:WPUSOP3000, using Annual Index values on each anniversary of the closing date. If State or any local government in Michigan, now or in the future, imposes an extraction, severance or other tax, fee or charge on the mining, production, processing or sale of limestone and/or dolomite, the production payment in any given year shall be reduced by the amount of such tax, fee or charge applicable for that year.

4. **Forest Management.** For all the State Surface not actively in use by Buyer at various times, and not yet mined, Buyer will develop and implement a forest management plan providing for the harvesting of timber in accordance with prudent forest management practices and prudent economic management of the timber resources, given Buyer's schedule for its intended uses of the State Surface. Such plan shall be designed to reflect that Buyer will be harvesting timber in areas to be mined prior to commencing mining operations and to reflect management of timber production in mining buffer areas, areas not yet mined, and areas of the State Surface that Buyer does not intend to mine. Buyer shall consult with State regarding the principal components of Buyer's forest management plan, but Buyer is not required to obtain approval of the plan or amendments to the plan. This paragraph shall not apply to the Underground Mine Area (as defined below), as it is subject to the Surface Easement, or to any portion of the Underground Mine Area released from the Surface Easement as provided in the Surface Easement.

5. **Public Hunting, Fishing and Recreational Rights.** At any given time, Buyer will only require use of a portion of the State Surface for its active operations and buffer area. For so long as Buyer owns the State Surface, Buyer will open the balance of the State Surface to the public for hunting, fishing and recreational purposes, as specified on the attached **Exhibit B**. Buyer will permit the continued use of existing snowmobile, off-road vehicle, hiking, mountain biking and pedestrian trails located on the State Surface, but may freely close and relocate the same, at Buyer's expense and as Buyer deems necessary in its sole discretion, in connection with Buyer's mining and other activities on the State Surface. All persons who enter the State Surface pursuant to this paragraph are not invitees, but are non-paying outdoor recreational users. Any persons who enter the State Surface for any other purpose are trespassers unless Buyer has invited such person to enter the State Surface. No person may erect any structures or hunting blinds or cut shooting lanes on the State Surface without prior written permission from Buyer and no person shall leave litter on the State Surface. The public's use rights and Buyer's obligations under this Paragraph shall terminate automatically in the event the State's Recreational Land Use Act, MCL Section 324.73301, is ever repealed or otherwise amended in a way that increases Buyer's potential liability to recreational users of the State Surface. This paragraph shall not apply to the Underground Mine Area, as it is subject to the Surface Easement, or to any portion of the Underground Mine Area released from the Surface Easement as provided in the Surface Easement.

6. **Reclamation Activities.** Though not required by law, Buyer will perform appropriate reclamation of the portion of the State Surface (excepting the Underground Mine Area, as defined below) mined by Buyer as mining activities are completed, as described in the attached **Exhibit C**. If the State enacts laws and/or regulations in the future governing reclamation



activities at limestone quarries, then this **Paragraph 6** and the attached **Exhibit C** shall automatically become null and void, and Buyer will instead comply with those laws and/or regulations.

7. **Limit on Surface Quarrying.** Buyer agrees that, unless the DNR first consents, Buyer shall not quarry the surface of the portion of the State Land described in the attached **Exhibit D** ("**Underground Mine Area**"), and shall accept title to the Underground Mine Area subject to a reservation of easements and restrictive covenants in substantially the form attached to this Addendum as **Exhibit D-2** ("**Surface Easement**"). The Surface Easement is designed to reserve to the State the right to continue to use the surface of the Underground Mine Area as part of the Lake Superior State Forest, but permit Buyer to release up to 1,500 acres of the Surface Easement under certain circumstances, as it deems necessary for use and development.

8. **Rights of First Offer.** Buyer shall grant to State at closing recordable rights of first offer with respect to the transfer of all or any part of the State Surface and appurtenant subsurface mineral rights purchased from the State (but not severed subsurface mineral rights) (collectively, "**ROFO Land**"), in substantially the forms attached to this Addendum as **Exhibits E-1 and E-2**. The rights of first offer shall provide in general terms for the Buyer to: (a) notify State of its intention to market all or any part of the ROFO Land for sale or receipt of an unsolicited offer to purchase any of the ROFO Land, which offer Buyer desires to accept, with any such sale being free of the Buyer's obligations under **Paragraphs 3 through 8**, inclusive, of this Addendum and the Surface Easement (collectively, "**Buyer's Covenants**") to potential transferees unaffiliated with Buyer; (b) give State 60 days to notify ("**Exercise Notice**") Buyer in writing that State will purchase all of the land offered for the sum of One Dollar (\$1.00)(as to the Underground Mine Area) or at its appraised fair market value (as to the surface quarry areas which comprise the balance of the ROFO Land), considering that any purchaser will take free of the Buyer's Covenants, provided that Buyer shall not be released from its responsibility for reclamation activities under **Paragraph 6** with respect to Mined Areas mined by Buyer prior to closing its transfer to State; (c) deem such right to purchase waived unless State provides a timely Exercise Notice to Buyer; and (d) reserve to Buyer the right to freely sell or transfer all or any part of the ROFO Land (without first offering it to the State) to a transferee who takes subject to and assumes Buyer's Covenants, including, without limitation, this right of first offer. The right of first offer for the balance of the ROFO Land shall only apply to and permit the release of the Buyer Covenants in connection with a sale of at least 400 contiguous acres located in the Hendricks Quarry tract (or if less than 400 contiguous acres remain, the entire remaining balance of that tract) or the entire tract of ROFO Land located in Section 24, Town 44 North, Range 7 West. In connection with a sale complying with this process where State does not exercise its right of first offer, State shall sign and deliver to Buyer such recordable evidence of a final waiver and release of Buyer's Covenants, including, without limitation, this right of first offer, as Buyer may reasonably request.

9. **Plant Site.** State shall grant to Buyer at closing an option to purchase all or any part of the land described in the attached **Exhibit F** for a plant to process limestone and/or dolomite, roadway and utility access from the Underground Mine Area to that plant or elsewhere, and/or other purposes inconsistent with timber harvesting and recreational uses ("**Development Site**"), in substantially the form attached to this Addendum as **Exhibit F**. The option to purchase shall



provide in general terms: (a) for Buyer to notify State of its exercise of such option to purchase, specifying the legal description of all or any portion of the Development Site to be purchased ("**OTP Land**"), at any time within five (5) years following the closing under this Agreement; (b) for Buyer to purchase the OTP Land for its appraised fair market value, plus ten percent (10%), with a closing to occur within sixty (60) days following delivery of such appraisal to State, and pursuant to provisions substantially the same as those contained in **Paragraphs 1, 2, 3, 6, 10** (first two sentences) **11** (last two sentences), **12** and **13** of this Addendum, only applying to the OTP Land; and (c) purchase the OTP Land free of **Paragraphs 4, 5** and **8** of this Addendum, as those provisions are inconsistent with Buyer's plans to improve and use the OTP Land for commercial purposes. If Buyer fails to timely exercise this option to purchase, then Buyer shall sign and deliver to Seller such recordable evidence of the expiration of such option as State may reasonably request.

**10. Title and Other Contingencies.** The obligations of Buyer under this Agreement are subject to the contingency, to be satisfied or waived prior to the closing date, that the Buyer satisfy itself, at Buyer's sole cost and expense, that the State Land and the State's interest in the Buyer Land is free of any waste, environmental contamination and recognized environmental conditions, and it will receive good and marketable title to the State Land and the State's interest in the Buyer Land, subject only to the matters referenced in this Agreement, and easements and restrictions of record not impairing Buyer's intended use of the State Land and the State's interest in the Buyer Land, for the mining, managing, storing, transporting and processing of limestone and/or dolomite. If Buyer is not so satisfied, then Buyer may terminate this Agreement by written notice to State, given prior to closing. Buyer was the successful bidder for a limestone mineral lease with respect to the Hendricks Quarry, which is included within the State Land. While Buyer paid to State annual minimum rent under the lease, Buyer and State never actually signed a written lease. Buyer and State acknowledge that effective as of the closing under this Agreement, Buyer's lease is terminated, no rent paid with respect to the lease is refundable to Buyer, and neither Buyer nor State have any remaining liability under the lease.

**11. Closing.** The closing shall take place as soon as reasonably possible following the date the Director of the Michigan Department of Natural Resources accepts the offer set forth in this Agreement, on such date as is mutually agreed upon by State and Buyer. In addition to any other remedy Buyer may have, Buyer reserves the right to withdraw its offer if such acceptance fails to occur within 90 days following the date Buyer signed this Agreement. At closing, State shall sign and deliver to Buyer a quit claim deed for the State Land and a quit claim deed for the Buyer Land, with separate deeds for any land located in different counties. Each quit claim deed shall be in State's standard form, but shall also recite that it: (a) transfers, without warranty, a number of division rights for each parcel described in the deed equal to the number of division rights allocated to a tract of that size under the Land Division Act, such number to be verified by Buyer's legal counsel; and (b) conveys all oil, gas, limestone, dolomite, sand, gravel, clay, marl and other metallic and nonmetallic minerals. At closing, State and Buyer shall also sign and deliver to one another any other documents reasonably necessary or legally required to evidence the transactions referenced in this Agreement.

**12. Application of Buyer's Promises.** The provisions of this Addendum shall survive the closing. Except as expressly provided in **Paragraph 8** above, the Buyer's Covenants are



intended to run with the State Surface and ROFO Land, as applicable, and bind Buyer and its successors and assigns. Except as expressly provided in **Paragraph 8** above, Buyer and any successor or assign of Buyer shall be automatically released from such covenants following the date Buyer or such successor or assign transfers title to the burdened Selected State Land, but shall remain liable for any liability incurred under such covenants during the time period Buyer or such successor or assign owned the land. Prior to closing, Buyer may freely assign this Agreement to an entity controlled by or under common control with Buyer.

13. **Payments.** The purchase price payment under Paragraph 2 shall be placed in the Land Exchange Facilitation Fund ("LEFF"), which fund is described in Subpart 10 of the Michigan Natural Resources and Environmental Protection Act, Act 451 of 1995, as amended. The production payments under **Paragraph 3** above shall made to the State.

State and Buyer have signed this Addendum as of the date of the Agreement, and ratify and confirm the Agreement, subject to the terms of this Addendum.

GRAYMONT (MI) LLC, a Michigan limited  
liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Buyer**

STATE OF MICHIGAN  
DEPARTMENT OF NATURAL RESOURCES

By: \_\_\_\_\_

Its: \_\_\_\_\_

**State**

NOTE: Exhibit D and Exhibit 1 parcels are listed on their own sheets.  
Page 3 of this Exhibit has additional State owned minerals.  
Schedule A (Optioned) parcels are not on this Exhibit A list.

**Exhibit A**  
**Buyer Land and State Land**

**Buyer Land:**     Outlined in Red

**In T44N, R9W, Garfield Twp., Mackinac County (40 acres, more or less):**

Ex 1   NE/4 SE/4 (40 acres) of Section 1\*   140251

**In T44N, R8W, Hudson Twp., Mackinac County (80 acres, more or less):**

Ex 1   W/2 SW/4 (80 acres) of Section 6\*   139774,139775

\*State currently owns surface rights (excluding limestone), and reversionary interest in limestone and other mineral rights effective December 10, 2033

**State Land:**                      Ex D - outlined in Turquoise/Pink  
   Ex 1 - outlined in Purple/Gold

**In T43N, R7W, Hendricks Twp., Mackinac County (560 acres, more or less):**

Ex D   NW/4 (160 acres) of Section 3   137229,137230,137232,137231

Ex D   N/2 N/2 (160 acres) of Section 4   137242,137243,137248,137249

Ex D   N/2 N/2 (160 acres) of Section 5   137253,137254,137255,137256

Ex D   N/2 NE/4 (80 acres); NE/4 NW/4 (40 acres) of Section 6  
         137266 (Pur),137267       137270  
         St Game Fund

**In T44N, R7W, Hendricks Twp., Mackinac County (2,420 acres, more or less):**

Ex 1   NE/4 SE/4 (40 acres); SW/4 NE/4 (40 acres); E/2 NW/4 (80 acres) of Section 24  
         139473                      139464                      139465,139468

Ex D   S/2 S/2 (160 acres) of Section 28  
         139535,139534,139531,139530

Ex D   S/2 S/2 (160 acres) of Section 29  
         139552,139551,139547,139546

Ex D   S/2 (320 acres) of Section 30   139565,139566,139568,139567,139561,139562,139564,139563

Ex D   W/2 SE/4 (80 acres); N/2 (320 acres); E/2 SW/4 (80 acres); W/2 SW/4 (not owned by others) (10  
         acres) of Section 31   139569,139570,139572,139571,139573,139574,139576,139575,139592,139593,  
   139577,139591,139590

Ex D   W/2 SE/4 (80 acres); N/2 (320 acres); SW/4 (160 acres) of Section 32  
         139594,139595,139596,139597,139598,139599,139600,139601,139602,139603,139604,139605,139606,139607,



Ex D N/2 SE/4 (except SE/4 NE/4 SE/4) (70 acres); N/2 SW/4 SE/4 (20 acres); SW/4 SW/4 SE/4 (10 acres); NE/4 (160 acres) of Section 33 139608,139609,139610,139611,139614,139615,139618

Ex D E/2 SE/4 (80 acres); NW/4 SE/4 (except portion of S/2 NW/4 SE/4 owned by others) (30 acres); S/2 N/2 (160 acres); N/2 N/2 SW/4 (40 acres) of Section 34 139622,139623,139626,139627,139632, 139635,139638,139645,139647  
**In T44N, R8W, Hudson Twp., Mackinac County (5,130 acres, more or less):**

Ex 1 W/2 NW/4 (80 acres) of Section 6 139771,139772

Ex 1 W/2 SW/4 (80 acres) of Section 6 (subject to Buyer's interest referenced above) 139774,139775

Ex 1 NW/4 NW/4 (40 acres) of Section 7 139786

Ex D E/2 SE/4 (80 acres) of Section 20 139997,140000

Ex D S/2 (320 acres) of Section 21 140009,140010,140011,140012,140013,140014,140015,140016

Ex D S/2 (320 acres) of Section 22 140025,140026,140027,140028,140029,140030,140031,140032

Ex D W/2 SW/4 (80 acres) of Section 23 140042,140043

Ex D S/2 (320 acres) of Section 25 140073,140074,140075,140076,140077,140078,140079,140080

Ex D S/2 (320 acres); W/2 NW/4 (80 acres) of Section 26 140086,140087,140089,140090,140091,140092, 140093,140094,140095,140096

Ex D All (except NE/4 SW/4) (600 acres) of Section 27 140097,140098,140099,140100,140101,140102,140103,140104,140105,140106,140107,140108,140109,

Ex D All (640 acres) of Section 28 140110,140111 140112,140113,140114,140115,140116,140117,140118,140119,140120,140121,140122,140123,140124,

Ex D E/2 SE/4 (80 acres); NE/4 NE/4 (40 acres) of Section 29 140125,140126,140127 140139,140142 140128

Ex D E/2 NE/4 (80 acres) of Section 32 140169,140172

Ex D N/2 SE/4 (80 acres); S/2 SE/4 (except portion of S/2 SE/4 owned by others) (50 acres); NE/4 (160 acres); W/2 (320 acres) of Section 33 140180,140181,140182,140183,140184,140185,140186,140187, 140188,140189,140190,140191,140192,140193,140194,140196

Ex D All (640 acres) of Section 34 140197, 140198,140199,140200,140201,140202,140203,140204, 140205,140206,140207,140208,140209,140210,140211,140212

Ex D N/2 SE/4 (80 acres); SE/4 SE/4 (40 acres); S/2 NE/4 (80 acres); NW/4 (160 acres); NE/4 SW/4 (40 acres) of Section 35 140213,140214,140215,140216,140217,140218,140219,140220,140221,140222

Ex D SE/4 (except portion owned by others); E/2 NE/4 (160 acres); SW/4 NW/4 (40 acres); SE/4 SW/4 (40 acres); W/2 SW/4 (80 acres) of Section 36 140223,140224,140226,140228,140229,140230,140232,140234  
**In T44N, R9W, Garfield Twp., Mackinac County (1,440 acres, more or less):**

Ex 1 All (640 acres) of Section 1 (subject to Buyer's interest in NE/4 SE/4 referenced above) 140239,140240, 140241,140242,140243,140244,140245,140246,140247,140248,140249,140250,140251,140252,140253,140254

Ex 1 E/2 SE/4 NE/4 (20 acres); E/2 E/2 SE/4 (40 acres) of Section 2  
140258 (40 acres) 140267,140270 (80 acres)

Ex 1 SE/4 NE/4 (40 acres); NE/4 SE/4 (40 acres) of Section 11  
140282 140291

Ex 1 E/2 (320 acres); E/2 NW/4 (80 acres); SW/4 NW/4 (40 acres); SW/4, except S/2 SW/4 SW/4  
(140 acres) of Section 12 140295,140296,140297,140298,140299,140301,140302,140303,140304,140305,  
140306,140307,140308,140309,140310

Ex 1 N/2 NE/4 (80 acres) of Section 13  
140311,140312

**In T44N, R6W, Trout Lake Twp., Chippewa County (260 acres, more or less):**

N/2 SW/4 (80 acres) of Section 17\*\* 206863,206864 Outlined in Lime Green/Green

E/2 SE/4 (80 acres) of Section 18\*\* 206871,206872

N/2 NE/4 (80 acres); W/2 SW/4 NE/4 (20 acres) of Section 19\*\*  
206873,206874 206875 (40 acres)

\*\*State only owns severed subsurface mineral rights, including limestone.

**In T45N, R9W, Pentland Twp., Luce County (40 acres, more or less):**

Ex 1 SW/4 SW/4 (40 acres) of Section 36 26081

**Mineral Rights Only, including limestone and dolomite:**

**In T44N, R8W, Hudson Twp., Mackinac County (40 acres, more or less):**

NW/4 NW/4 (40 acres) of Section 36 140225 Outline in Lime Green/Green  
Within Exhibit D area



**Exhibit B**  
**Uses under Paragraph 5**

1. All uses shall be reasonable in scope and Buyer shall not charge a fee to users for the uses described in this **Exhibit B**.
2. Uses allowed:
  - a. Hunting, but (i) no construction of blinds, shooting lanes, or other structures without prior written permission from Buyer; and (ii) no planting of any type of plants;
  - b. Trapping, provided trapping equipment is safely placed and used in accordance with generally accepted trapping methods;
  - c. Fishing;
  - d. Use of snowmobiles, all-terrain vehicles, and motorcycles on marked trails;
  - e. Bicycle riding;
  - f. Hiking and bird watching;
  - g. Entry into caves identified by Buyer and designated by Buyer as available for entry by the public, subject to conditions and warnings that Buyer chooses to impose for safety purposes;
  - h. Boating;
  - i. Bear baiting, in accordance with Department of Natural Resources regulations;
  - j. Such other uses as are specified in writing by Buyer to the State in the sole discretion of Buyer. Such other uses shall be described in a posting of a sign or signs on the State Surface for the public to read.
3. Uses in (2), above, on the State Surface shall be performed in a manner that complies with federal, state and local laws, ordinances, rules and regulations ("legal requirements"), including all legal requirements that would apply as if the use and its associated equipment and activities were being performed on public land or waters. Conservation officers may enter on the State Surface open for such public use to enforce those legal requirements. This paragraph is intended to address matters such as licensing, age restrictions, training requirements, equipment specifications, manner of use of equipment, environmental and safety restrictions and the like. Buyer shall have no duty or obligation to enforce the legal requirements against users on the State Surface. Buyer may limit trails for particular uses in 2(d) above by marking them for such uses.

4. Buyer and its successors and assigns and their respective employees, agents, tenants and invitees, may use the State Surface open to public use under **Paragraph 5** of the Addendum in common with the public. In doing so, Buyer and its successors and assigns and their respective employees, agents, tenants and invitees shall not be subject to the public use limitations set forth in **Paragraph 5** of the Addendum and this **Exhibit B**; but they shall take care not to unreasonably interfere with the public's use of such State Surface under **Paragraph 5** of the Addendum and this **Exhibit B**, and shall comply with all applicable laws and regulations governing such use.



**Exhibit C**  
**Reclamation Activity**

1. Reclamation activity shall commence in a completed Mined Area no later than 2 years after all mining and crushing ceases in that Mined Area. The reclamation activity under this Exhibit C shall be completed in the Mined Area within 2 years after the reclamation activity for that Mined Area commences. Buyer shall determine the boundaries and acreage for each of the Mined Areas to be addressed in a given period (not to exceed 100 acres) and each such area shall be a "Mined Area." A Mined Area is an area where mining and crushing are permanently completed by Buyer. Buyer shall have no obligation to reclaim areas mined by others in the past.
2. Substantially all overburden removed by Buyer from the Mined Area footprint, shall be used for reclamation in that Mined Area. Buyer may also use stone "fines" for reclamation in lieu of or in addition to removed overburden. Stone "fines" are small stone pieces that result from mining and crushing operations onsite which are not sold by Buyer or used or processed by Buyer in Buyer's facilities. Substantially all of the removed overburden and removed stone fines, as applicable, shall be moved back into and around in the Mined Area and spread within the Mined Area, subject to paragraph 6, below. This will result in a "rolling" reclamation of Mined Areas with sufficient margins for continuing mining and related operations. Buyer may, but is not required to, create a borrow area in close proximity to the Mined Area as a source of material to supplement the use of removed overburden and/or stone fines, as applicable.
3. Rock walls within the Mined Area which remain after mining operations are permanently completed will be modified by Buyer in areas where access trails and/or roads enter the excavation. These modified walls may be either blasted or filled with overburden or other suitable material.
4. Buyer shall allow natural vegetation local to the area to passively and naturally re-vegetate the Mined Area after the reclamation activities in paragraphs 2 and 3, above, are completed. Buyer may choose to supplement the passive and natural re-vegetation by actively adding vegetation or seeding in the Mined Area, but is not obligated to do so.
5. No maintenance of the replaced overburden/fines/borrow material, the reconfigured walls, the passively and naturally re-generated vegetation, or any vegetation added by Buyer shall be required to be performed by Buyer.
6. If water is present in a Mined Area or begins to accumulate in a Mined Area after all mining and crushing closes in that Mined Area, Buyer shall allow the water to remain and accumulate to passively create wetland conditions, ponds, lakes or streams in that Mined Area. The determination as to whether passive accumulation of water will be significant enough and will occur rapidly enough to create and sustain a wetland, pond, lake or stream within a Mined Area shall be made by Buyer, in consultation with the State, within the two year period after all mining and crushing activities have been completed in that Mined Area. If Buyer determines that a wetland, pond, lake, or stream will be

created and sustained in the Mined Area by passive migration of water into, or accumulation of water in, the Mined Area, then Buyer may refrain from all or part of the actions in paragraphs 2 – 4, above, in the wetland, pond, lake or stream within the Mined Area as determined by Buyer in consultation with the State. Buyer shall have no obligations to create, maintain, or monitor a wetland, pond, lake or stream as part of Buyer's reclamation activities under this **Exhibit C** or otherwise. Buyer shall allow natural vegetation and natural organisms to naturally colonize and locate within such wetland, pond, lake, or stream. If Buyer does not place some or all of the overburden or fines removed from the Mined Area back into that Mined Area pursuant to this paragraph 6, then Buyer shall grade the removed overburden or fines piles which are outside of the Mined Area to a degree that forms gentle slopes which shall be allowed to naturally re-vegetate. If Buyer determines, in consultation with the State, that a wetland, pond, lake or stream will not be so created and sustained, then Buyer shall implement the reclamation activities in paragraphs 2 – 4, above, for the Mined Area.

**Exhibit D**  
**Underground Mine Area**

**In T43N, R7W, Hendricks Twp., Mackinac County (560 acres, more or less):**

NW/4 (160 acres) of Section 3 137229,137230,137231,137232

N/2 N/2 (160 acres) of Section 4 137242,137243,137248,137249

N/2 N/2 (160 acres) of Section 5 137253,137254,137255,137256

N/2 NE/4 (80 acres); NE/4 NW/4 (40 acres) of Section 6  
137266 (Pur),137267 137270

**In T44N, R7W, Hendricks Twp., Mackinac County (2,260 acres, more or less):**

S/2 S/2 (160 acres) of Section 28 139534,139535,139530,139531

S/2 S/2 (160 acres) of Section 29 139551,139552,139546,139547

S/2 (320 acres) of Section 30 139565,139566,139567,139568,139561,139562,139563,139564

W/2 SE/4 (80 acres); N/2 (320 acres); E/2 SW/4 (80 acres); W/2 SW/4 (not owned by others) (10 acres) of Section 31 139569,139570,139571,139572,139573,139574,139575,139576,139592,139593,139577, 139591,139590

W/2 SE/4 (80 acres); N/2 (320 acres); SW/4 (160 acres) of Section 32 139594,139595,139596,139597, 139598,139599,139600,139601,139606,139607,139602,139603,139604,139605

N/2 SE/4 (except SE/4 NE/4 SE/4) (70 acres); N/2 SW/4 SE/4 (20 acres); SW/4 SW/4 SE/4 (10 acres); NE/4 (160 acres) of Section 33 139608,139609,139610,139611,139614,139615,139618

E/2 SE/4 (80 acres); NW/4 SE/4 (except portion of S/2 NW/4 SE/4 owned by others) (30 acres); S/2 N/2 (160 acres); N/2 N/2 SW/4 (40 acres) of Section 34 139622,139623,139626,139627,139638, 139645 (20 acres),139647,139632,139635

**In T44N, R8W, Hudson Twp., Mackinac County (4,930 acres, more or less):**

E/2 SE/4 (80 acres) of Section 20 139997,140000

S/2 (320 acres) of Section 21 140009,140010,140011,140012,140013,140014,140015,140016,

S/2 (320 acres) of Section 22 140025,140026,140027,140028,140029,140030,140031,140032

W/2 SW/4 (80 acres) of Section 23 140042,140043

S/2 (320 acres) of Section 25 140073,140074,140075,140076,140077,140078,140079,140080



140086,140087,140089,140090,140091,140092,140093,140094,140095,140096

S/2 (320 acres); W/2 NW/4 (80 acres) of Section 26

All (except NE/4 SW/4) (600 acres) of Section 27 140097,140098,140099,140100,140101,140102,140103,  
140104,140105,140106,140107,140108,140109,140110,140111

All (640 acres) of Section 28 140112,140113,140114,140115,140116,140117,140118,140119,140120,140121,  
140122,140123,140124,140125,140126,140127

E/2 SE/4 (80 acres); NE/4 NE/4 (40 acres) of Section 29  
140139,140142 140128

E/2 NE/4 (80 acres) of Section 32 140169,140172

N/2 SE/4 (80 acres); S/2 SE/4 (except portion of S/2 SE/4 owned by others) (50 acres); NE/4  
(160 acres); W/2 (320 acres) of Section 33 140180,140181,140182,140183,140184,140185,140186,140187,  
140192,140193,140194,140196,140188,140189,140190,140191

All (640 acres) of Section 34 140197,140198,140199,140200,140201,140202,140203,140204,140205,  
140206,140207,140208,140209,140210,140211,140212

N/2 SE/4 (80 acres); SE/4 SE/4 (40 acres); S/2 NE/4 (80 acres); NW/4 (160 acres); NE/4 SW/4  
(40 acres) of Section 35 140214,140213,140215,140216,140217,140218,140220,140221,140222,140219

SE/4 (except portion owned by others); E/2 NE/4 (160 acres); SW/4 NW/4 (40 acres); SE/4  
SW/4 (40 acres); W/2 SW/4 (80 acres) of Section 36  
140223,140224,140226,140232,140234,140228,140229,140230

**Mineral Rights Only, including limestone and dolomite:**

**In T44N, R8W, Hudson Twp., Mackinac County (40 acres, more or less):**

NW/4 NW/4 (40 acres) of Section 36 140225 (6 acres)

**Exhibit D-2**  
**Surface Easement**

This Deed is given to the Grantee under this Deed, its successors and assigns (collectively, "**landowner**"), subject to the following terms and conditions:

**Section 1. Reservation of Easement.** The State of Michigan ("**State**") reserves a non-transferable easement in gross burdening the entire surface of the Property [e.g., the Underground Mine Area] (but only if State owned and conveyed such surface) and benefitting the State for the continued use of such surface as part of the Lake Superior State Forest, free of cost to the State ("**State Easement**"). Unless expressly reserved in this Deed, State releases and quitclaims to Grantee under this Deed all access and other use rights the State or public may have in the Property, as the State Easement and such other rights expressly reserved in this Deed are intended to constitute a complete expression of State's retained rights in the Property. The State Easement is perpetual, except as provided in **Section 2** below, and is limited to the following purposes:

- a. The State may permit the public to use the surface of the Property covered by the State Easement for recreational purposes, as defined by Michigan's Recreational Land Use Act, MCL 324.73301, et seq. ("**RUA**"). The State shall, at its expense, oversee such use in substantially the same manner as the State oversees public use of State forests. This subsection 1(a) shall terminate automatically in the event the RUA is ever repealed or otherwise amended in a way that increases Buyer's potential liability to recreational users of the Property covered by the State Easement.
- b. The State shall, at its expense, continue to manage the environment and wildlife on the Property covered by the State Easement, in substantially the same manner as the State does for State forests.
- c. The State may, at its expense, continue to maintain the existing roads, trails and bridges on the Property covered by the State Easement and expand the same as it deems necessary to the other uses permitted by this State Easement. The State shall do so in substantially the same manner as the State does for State forests.
- d. The State shall manage and harvest timber from the Property covered by the State Easement at the expense and for the account of the State, in substantially the same manner as the State does for State forests. If at any time the landowner desires to enroll all or part of the Property under and enjoy the property tax benefits afforded by the Commercial Forest Act, MCL 324.51101, et seq., the State shall at the landowner's request structure and document its timbering operations to permit the landowner to do so.
- e. Nothing in this State Easement shall be deemed to limit the State's ability to enforce applicable laws and regulations to the public's use of the surface of the

Property covered by the State Easement in the same manner as if such Property were part of a State forest.

**Section 2. Use of the Property.** The use of the Property shall be subject to the following building and use restrictions, which shall be covenants running with the land and perpetually binding upon the Property:

- a. The State and public shall use the surface of the Property from time to time subject to the State Easement only for those purposes permitted by **Section 1** above.
- b. The State Easement shall not be interpreted to impair the landowner's unfettered right to explore for, mine and remove all oil, gas and other minerals under or that may be produced from the subsurface of the Property, expressly including, without limitation, all limestone, dolomite, sand, gravel, clay, marl and other nonmetallic minerals (collectively, "**mining operations**"), so long as the landowner disturbs only the subsurface of the Property in doing so, except as expressly permitted by this Deed. The State consents to the mining operations and waives any right it may now or in the future have to restrict the mining operations in any way, other than as provided by applicable laws and regulations existing on the date of this Deed.
- c. The landowner will have the right to nonexclusive use of the surface of the Property from time to time subject to the State Easement for test drilling and for utility lines, roadways and other related infrastructure supporting an underground mining operation on the Property or landowner's mining operations off the Property, and upon final abandonment of mining operations shall remove and decommission the same and restore the Property affected by such removal to the extent reasonably possible, at the landowner's expense. The landowner will have the right to nonexclusive use of the surface of the Property for other purposes that do not interfere with State's use and enjoyment of the State Easement, but may not license or grant easements of such other surface use rights to others.
- d. The landowner shall in no event, unless the DNR first consents, quarry the surface of the Property in connection with its mining operations, even if that surface has been released from the State Easement. As to any portion of the surface of the Property released from the State Easement, the landowner may however, even without such consent, use the surface of any Property released from the State Easement for: (i) mine shafts, air ducts, ventilation equipment, utility lines, roadways, processing facilities and other infrastructure supporting an underground mining operation on the Property or landowner's mining operations off the Property; and (ii) other uses permitted by law.



- e. State releases the landowner from all claims, obligations and liabilities arising from or related to past, present and future (i) generation, management, use, storage, treatment or disposal at the Property of any hazardous substances, solid waste, hazardous waste or liquid industrial waste (as those terms are defined in applicable federal, state and local laws and regulations) (collectively "Hazardous Substances"), (ii) releases, migration or infiltration at, to or from the Property of Hazardous Substances. State agrees to indemnify and hold harmless the landowner from and against all claims, costs, obligations and liabilities, including but not limited to, reasonable attorney fees, arising from or related to clauses (i) and (ii) in the preceding sentence. This release and indemnity shall not apply to claims, obligations, costs and liabilities to the extent they arise from or are related to activities of the landowner and its employees, agents and invitees. This release and indemnity shall survive the delivery of this Deed indefinitely.

**Section 3. Release of Easement.** The landowner may elect from time to time, by written notice to the State, to release from the State Easement and **Sections 2(a), (b) and (c)** above, up to a total of One Thousand Five Hundred (1,500) acres of the Property. One or more notices may be given at different times for different portions of the Property. Each notice shall specify the description of the portion of the Property to be released and be accompanied by a form of release for signature and return by the State, which shall release not only the State Easement (retaining the prohibition on surface quarrying without DNR consent), but also any right of first offer then held by the State. The State shall sign and return the same within sixty (60) days and the landowner shall record it in the real estate records for the County where the released Property is located.

**Exhibit E-1**  
**Right of First Offer**  
**(Underground Mine Area)**

**RIGHT OF FIRST OFFER AGREEMENT  
(Underground Mine Area)**

THIS RIGHT OF FIRST OFFER AGREEMENT ("**Agreement**") is entered into \_\_\_\_\_, 2013, by GRAYMONT (MI) LLC, a Michigan limited liability company, of 111 Lyon Street, N.W., Suite 900, Grand Rapids, Michigan 49503-2487 ("**Grantor**") and the DIRECTOR OF THE DEPARTMENT OF NATURAL RESOURCES for the STATE OF MICHIGAN, of P.O. Box 30452, Lansing, Michigan 48909-79528 ("**State**"), based on the following facts:

A. State, as seller, and Grantor, as buyer, entered into a certain Land Transaction Agreement, with Addendum, dated \_\_\_\_\_, 2013 ("**Acquisition Agreement**").

B. The Acquisition Agreement provided for Grantor's purchase from State of certain real estate, which real estate included the "Underground Mine Area" property described on **Exhibit 1** attached to this Offer ("**Property**"), subject to certain covenants described in Paragraphs 3 through 8, inclusive, of the Addendum to the Acquisition Agreement and the Surface Easement defined therein (collectively, "**Buyer's Covenants**").

C. The Acquisition Agreement also provided for Grantor to notify State if Grantor ever intends to market any of the Property for sale to potential transferees unaffiliated with Grantor, or receives an unsolicited offer to purchase any of the Property from a potential transferee unaffiliated with Grantor, which offer Grantor desires to accept, with any such sale being free of the Buyer's Covenants, then in either such event Grantor would grant to State a right of first offer with respect to the purchase of the Property to be sold.

D. Today, Grantor purchased the Property from State, and this Agreement is intended to fulfill Grantor's obligation under the Acquisition Agreement to grant to State the right of first offer referenced in the Acquisition Agreement.

In consideration of State's sale of the Property to Grantor, Grantor and State agree:

1. **Grant of Right of First Offer.** Grantor grants to State a right of first offer with respect to the intended sale by Grantor of all or any part of the Property, subject to the terms and conditions set forth below. Notwithstanding any provision of this Agreement to the contrary, Grantor reserves the right to freely sell or transfer all or any part of the Property (without first



offering it to the State) to a transferee who takes subject to and assumes Buyer's Covenants, including, without limitation, this Agreement, to the extent they apply to the Property sold or transferred.

2. **Notice.** If Grantor should at any time intend to market for sale any of the Property to one or more potential transferees unaffiliated with Grantor, or receives an unsolicited offer to purchase any of the Property from a potential transferee unaffiliated with Grantor, which offer Grantor desires to accept, with any such sale being free of the Buyer's Covenants, Grantor shall deliver to State a written notice stating its intention to do so, together with a legal description of the Property intended to be sold ("**Affected Property**").

3. **State's Election.** State shall exercise its right of first offer by written notice ("**Exercise Notice**") to Grantor delivered on or before the 60th day following State's receipt of notice given under **Paragraph 2**. State must do so with respect to all of the Affected Property. If State fails to timely deliver such notice, then State shall be deemed to have irrevocably waived its right of first offer with respect to the Affected Property, and Grantor may proceed to sell the Affected Property free of the Buyer's Covenants. In connection with a sale complying with this process where State does not exercise its right of first offer, State shall sign and deliver to Grantor such recordable evidence of a final waiver and release of Buyer's Covenants, including, without limitation, the Surface Easement and State's right of first offer and this Agreement, as Grantor may reasonably request.

4. **Valuation.** If State gives its Exercise Notice, then State shall purchase the Affected Property for the sum of One Dollar (\$1.00).

5. **Title.** If State elects to exercise its right of first offer, then as evidence of Grantor's title, Grantor shall obtain at Grantor's expense, a commitment ("**Title Commitment**") to issue an owner's title insurance policy insuring State in the amount of the purchase price, which shall be in a form approved by the American Land Title Association. The title commitment must show good and marketable title to the Affected Property to be in Grantor's name, subject only to matters existing on the date State sold the Affected Property to Grantor, easements, restrictions, reservations and interests of record, and such matters as an accurate survey would show (collectively, "**Permitted Exceptions**"), and the requirements to be satisfied set forth in the title commitment and shall disclose no other title exceptions whatsoever. State shall notify Grantor within 30 days after State's receipt of the Title Commitment if the Title Commitment discloses any exceptions not permitted by this Agreement, (individually and collectively, a "**Defect**"). Grantor shall remove each Defect at Grantor's expense on or before the closing date. In addition, Grantor shall satisfy the requirements set forth in the Title Commitment on or before the closing date. If Grantor fails or refuses to remove any Defect, then as its only remedies State may: (i) proceed to closing, waiving the Defect at issue; (ii) terminate this Agreement by a written notice to Seller, in which case neither Grantor nor State shall have any further liability to the other under this Agreement; or (iii) proceed to closing and cure any Defect such as a mortgage or lien that is capable of being cured or satisfied by the payment of a sum certain, using sale proceeds otherwise payable to Grantor.

6. **Closing.** If State elects to exercise its right of first offer, then all real estate and personal property taxes and special assessments with respect to the Affected Property, whether or not payable in installments or deferrable without penalty or interest to a later date, that first become due and payable (or in the case of special assessments, a lien upon the Affected Property) on or before the closing date, shall be paid by Grantor, and prorated to the closing date on the basis they are paid for the calendar year in which they first become due and payable. Grantor shall convey title to the Affected Property to State by a quit claim deed. The closing shall occur no later than thirty (30) days following the date the Title Commitment is received, or on such later date as Grantor and State may agree. At closing, Grantor and State shall also execute and deliver a closing statement setting forth the purchase price and closing adjustments and any other documents reasonably necessary or legally required to evidence the transaction. At closing, Grantor shall pay all recording and filing costs in connection with curing its title to the Affected Property, the transfer taxes with respect to the deed and the title insurance premium for State's owner's policy of title insurance. Grantor and State shall share equally any closing fee charged by the title company conducting the closing. State shall pay the recording fee for the deed. Grantor shall deliver possession of the Affected Property to State at the closing in its then "AS IS" condition, with no representations or warranties regarding its condition or permitted use.

7. **Miscellaneous.** All notices provided under this right of first offer shall be in writing, addressed to the recipient at its address set forth above, or such substitute address as the recipient may have given notice of, personally delivered or sent by certified mail, return receipt requested and postage prepaid. All notices shall be effective upon receipt. This Agreement shall run with the land, and bind and benefit Grantor and State and their respective successors and assigns.

[signatures follow on succeeding pages]

Grantor and State have signed this Agreement as of the date set forth above.

GRAYMONT (MI) LLC, a Michigan  
limited liability company

By \_\_\_\_\_

## A Manager

**Grantor**

STATE OF \_\_\_\_\_) : ss.  
COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me on \_\_\_\_\_, 2013, by \_\_\_\_\_, as Manager of GRAYMONT (MI) LLC, a Michigan limited liability company, for the company.

Notary Public, \_\_\_\_\_ County, \_\_\_\_\_.  
My commission expires: \_\_\_\_\_



STATE OF MICHIGAN

By \_\_\_\_\_

Its \_\_\_\_\_

**State**

STATE OF MICHIGAN     )  
   : ss.  
COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me on \_\_\_\_\_  
\_\_\_\_\_, 2013, by \_\_\_\_\_, the Director of the Department of Natural  
Resources for the State of Michigan, for the State.

\_\_\_\_\_  
Notary Public, \_\_\_\_\_ County, Michigan.  
My commission expires: \_\_\_\_\_

PREPARED BY AND RETURN TO:

William W. Hall, Esq.  
WARNER, NORCROSS & JUDD, LLP  
111 Lyon Street, N.W., Suite 900  
Grand Rapids, Michigan 49503-2487  
Telephone: (616) 752-2000

9190812-9

**EXHIBIT 1**

**Property**

Same as Schedule D - Underground Mine

**State Land:**

**In T43N, R7W, Hendricks Twp., Mackinac County (560 acres, more or less):**

NW/4 (160 acres) of Section 3

N/2 N/2 (160 acres) of Section 4

N/2 N/2 (160 acres) of Section 5

N/2 NE/4 (80 acres); NE/4 NW/4 (40 acres) of Section 6

**In T44N, R7W, Hendricks Twp., Mackinac County (2,260 acres, more or less):**

S/2 S/2 (160 acres) of Section 28

S/2 S/2 (160 acres) of Section 29

S/2 (320 acres) of Section 30

W/2 SE/4 (80 acres); N/2 (320 acres); E/2 SW/4 (80 acres); W/2 SW/4 (not owned by others) (10 acres) of Section 31

W/2 SE/4 (80 acres); N/2 (320 acres); SW/4 (160 acres) of Section 32

N/2 SE/4 (except SE/4 NE/4 SE/4) (70 acres); N/2 SW/4 SE/4 (20 acres); SW/4 SW/4 SE/4 (10 acres); NE/4 (160 acres) of Section 33

E/2 SE/4 (80 acres); NW/4 SE/4 (except portion of S/2 NW/4 SE/4 owned by others) (30 acres); S/2 N/2 (160 acres); N/2 N/2 SW/4 (40 acres) of Section 34

**In T44N, R8W, Hudson Twp., Mackinac County (4,930 acres, more or less):**

E/2 SE/4 (80 acres) of Section 20

S/2 (320 acres) of Section 21

S/2 (320 acres) of Section 22

W/2 SW/4 (80 acres) of Section 23

S/2 (320 acres) of Section 25

S/2 (320 acres); W/2 NW/4 (80 acres) of Section 26

All (except NE/4 SW/4) (600 acres) of Section 27

All (640 acres) of Section 28

E/2 SE/4 (80 acres); NE/4 NE/4 (40 acres) of Section 29

E/2 NE/4 (80 acres) of Section 32

N/2 SE/4 (80 acres); S/2 SE/4 (except portion of S/2 SE/4 owned by others) (50 acres); NE/4 (160 acres); W/2 (320 acres) of Section 33

All (640 acres) of Section 34

N/2 SE/4 (80 acres); SE/4 SE/4 (40 acres); S/2 NE/4 (80 acres); NW/4 (160 acres); NE/4 SW/4 (40 acres) of Section 35

SE/4 (except portion owned by others); E/2 NE/4 (160 acres); SW/4 NW/4 (40 acres); SE/4 SW/4 (40 acres); W/2 SW/4 (80 acres) of Section 36

**Mineral Rights Only, including limestone and dolomite:**

**In T44N, R8W, Hudson Twp., Mackinac County (40 acres, more or less):**

NW/4 NW/4 (40 acres) of Section 36

**Exhibit E-2**  
**Right of First Offer**  
**(Surface Quarry Areas)**



**RIGHT OF FIRST OFFER AGREEMENT  
(Surface Quarry Areas)**

THIS RIGHT OF FIRST OFFER AGREEMENT ("**Agreement**") is entered into \_\_\_\_\_, 2013, by GRAYMONT (MI) LLC, a Michigan limited liability company, of 111 Lyon Street, N.W., Suite 900, Grand Rapids, Michigan 49503-2487 ("**Grantor**") and the DIRECTOR OF THE DEPARTMENT OF NATURAL RESOURCES for the STATE OF MICHIGAN, of P.O. Box 30452, Lansing, Michigan 48909-79528 ("**State**"), based on the following facts:

A. State, as seller, and Grantor, as buyer, entered into a certain Land Transaction Agreement, with Addendum, dated \_\_\_\_\_, 2013 ("**Acquisition Agreement**").

B. The Acquisition Agreement provided for Grantor's purchase from State of certain real estate, which real estate included the surface quarry area property described on **Exhibit 1** attached to this Offer ("**Property**"), subject to certain covenants described in Paragraphs 3 through 8, inclusive, of the Addendum to the Acquisition Agreement (collectively, "**Buyer's Covenants**").

C. The Acquisition Agreement also provided for Grantor to notify State if Grantor ever intends to market any of the Property for sale to potential transferees unaffiliated with Grantor, or receives an unsolicited offer to purchase any of the Property from a potential transferee unaffiliated with Grantor, which offer Grantor desires to accept, with any such sale being free of the Buyer's Covenants, then in either such event Grantor would grant to State a right of first offer with respect to the purchase of the Property to be sold.

D. Today, Grantor purchased the Property from State, and this Agreement is intended to fulfill Grantor's obligation under the Acquisition Agreement to grant to State the right of first offer referenced in the Acquisition Agreement.

In consideration of State's sale of the Property to Grantor, Grantor and State agree:

1. **Grant of Right of First Offer.** Grantor grants to State a right of first offer with respect to the intended sale by Grantor of all or any part of the Property, subject to the terms and conditions set forth below. Notwithstanding any provision of this Agreement to the contrary, Grantor reserves the right to freely sell or transfer all or any part of the Property (without first

offering it to the State) to a transferee who takes subject to and assumes Buyer's Covenants, including, without limitation, this Agreement, to the extent they apply to the Property sold or transferred.

2. **Notice.** If Grantor should at any time intend to market for sale any of the Property to one or more potential transferees unaffiliated with Grantor, or receives an unsolicited offer to purchase any of the Property from a potential transferee unaffiliated with Grantor, which offer Grantor desires to accept, with any such sale being free of the Buyer's Covenants, Grantor shall deliver to State a written notice stating its intention to do so, together with a legal description of the Property intended to be sold ("**Affected Property**"). Notwithstanding any provision of this Agreement to the contrary: (a) if Grantor desires to sell any of the Property legally described on **Exhibit A** attached to this Agreement located in Section 24, Town 44 North, Range 7 West (the "**Wilwin Tract**"), free of the Buyer's Covenants, then Grantor must identify as the Affected Property that entire tract; and (b) if Grantor desires to sell any of the Property legally described on **Exhibit A** attached to this Agreement not included in the Wilwin Tract, free of the Buyer's Covenants, then Grantor must identify as the Affected Property at least 400 contiguous acres of that Property, or if less than 400 contiguous acres remain, the entire remaining balance of that tract.

3. **State's Election.** State shall exercise its right of first offer by written notice ("**Exercise Notice**") to Grantor delivered on or before the 60th day following State's receipt of notice given under **Paragraph 2**. State must do so with respect to all of the Affected Property. If State fails to timely deliver such notice, then State shall be deemed to have irrevocably waived its right of first offer with respect to the Affected Property, and Grantor may proceed to sell the Affected Property free of the Buyer's Covenants. In connection with a sale complying with this process where State does not exercise its right of first offer, State shall sign and deliver to Grantor such recordable evidence of a final waiver and release of Buyer's Covenants, including, without limitation, State's right of first offer and this Agreement, as Grantor may reasonably request.

4. **Valuation.** If State gives its Exercise Notice, then State must purchase the Affected Property for its fair market value as determined by the objective appraisal of a licensed appraiser, which appraiser appears on State's list of approved appraisers for sales of land by the State of Michigan. Such appraiser shall be selected by Grantor within fifteen (15) days following the date State gives the Exercise Notice, and shall be required to perform its appraisal within ninety (90) days following the date State gives the Exercise Notice. The appraisal shall reflect that any purchaser will take free of the Buyer's Covenants, but that Grantor shall not be released from its responsibility for reclamation activities under Paragraph 6 of the Addendum to the Acquisition Agreement with respect to Mined Areas (as defined therein) mined by Buyer prior to closing its transfer to State. This appraiser's determination of the fair market value of the Affected Property to be transferred shall be conclusive.

5. **Title.** If State elects to exercise its right of first offer, then as evidence of Grantor's title, Grantor shall obtain at Grantor's expense, a commitment ("**Title Commitment**") to issue an owner's title insurance policy insuring State in the amount of the purchase price, which shall be in a form approved by the American Land Title Association. The title

commitment must show good and marketable title to the Affected Property to be in Grantor's name, subject only to matters existing on the date State sold the Affected Property to Grantor, easements, restrictions, reservations and interests of record, and such matters as an accurate survey would show (collectively, "**Permitted Exceptions**"), and the requirements to be satisfied set forth in the title commitment and shall disclose no other title exceptions whatsoever. State shall notify Grantor within 30 days after State's receipt of the Title Commitment if the Title Commitment discloses any exceptions not permitted by this Agreement, (individually and collectively, a "**Defect**"). Grantor shall remove each Defect at Grantor's expense on or before the closing date. In addition, Grantor shall satisfy the requirements set forth in the Title Commitment on or before the closing date. If Grantor fails or refuses to remove any Defect, then as its only remedies State may: (i) proceed to closing, waiving the Defect at issue; (ii) terminate this Agreement by a written notice to Seller, in which case neither Grantor nor State shall have any further liability to the other under this Agreement; or (iii) proceed to closing and cure any Defect such as a mortgage or lien that is capable of being cured or satisfied by the payment of a sum certain, using sale proceeds otherwise payable to Grantor.

6. **Closing.** If State elects to exercise its right of first offer, then all real estate and personal property taxes and special assessments with respect to the Affected Property, whether or not payable in installments or deferrable without penalty or interest to a later date, that first become due and payable (or in the case of special assessments, a lien upon the Affected Property) on or before the closing date, shall be paid by Grantor, and prorated to the closing date on the basis they are paid for the calendar year in which they first become due and payable. Grantor shall convey title to the Affected Property to State by a covenant deed, covenanting solely against the acts and neglects of Grantor and those holding under Grantor, and the Permitted Exceptions, with a separate deed given for each County where the Affected Property is located. The closing shall occur no later than thirty (30) days following the date the appraisal for the Affected Property is received, or on such later date as Grantor and State may agree. At closing, Grantor and State shall also execute and deliver a closing statement setting forth the purchase price and closing adjustments and any other documents reasonably necessary or legally required to evidence the transaction. At closing, Grantor shall pay all recording and filing costs in connection with curing its title to the Affected Property, the transfer taxes with respect to the covenant deed(s) and the title insurance premium for State's owner's policy of title insurance. Grantor and State shall share equally the appraisal fee and any closing fee charged by the title company conducting the closing. State shall pay the recording fee for the covenant deed(s). Grantor shall deliver possession of the Affected Property to State at the closing in its then "AS IS" condition, with no representations or warranties regarding its condition or permitted use.

7. **Miscellaneous.** All notices provided under this right of first offer shall be in writing, addressed to the recipient at its address set forth above, or such substitute address as the recipient may have given notice of, personally delivered or sent by certified mail, return receipt requested and postage prepaid. All notices shall be effective upon receipt. This Agreement shall run with the land, and bind and benefit Grantor and State and their respective successors and assigns.

[signatures follow on succeeding pages]

Grantor and State have signed this Agreement as of the date set forth above.

GRAYMONT (MI) LLC, a Michigan  
limited liability company

By \_\_\_\_\_

## A Manager

## Grantor

STATE OF \_\_\_\_\_) : ss.  
COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me on \_\_\_\_\_, 2013, by \_\_\_\_\_, as Manager of GRAYMONT (MI) LLC, a Michigan limited liability company, for the company.

Notary Public, \_\_\_\_\_ County, \_\_\_\_\_.  
My commission expires: \_\_\_\_\_



STATE OF MICHIGAN

By \_\_\_\_\_

Its \_\_\_\_\_

**State**

STATE OF MICHIGAN     )  
                                      : ss.  
COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me on \_\_\_\_\_  
\_\_\_\_\_, 2013, by \_\_\_\_\_, the Director of the Department of Natural  
Resources for the State of Michigan, for the State.

\_\_\_\_\_  
Notary Public, \_\_\_\_\_ County, Michigan.  
My commission expires: \_\_\_\_\_

PREPARED BY AND RETURN TO:

William W. Hall, Esq.  
WARNER, NORCROSS & JUDD, LLP  
111 Lyon Street, N.W., Suite 900  
Grand Rapids, Michigan 49503-2487  
Telephone: (616) 752-2000

9552527-4

**EXHIBIT 1**

Purple on Township Maps  
Gold on "Proposed T44N Area Map"

**Property**

**State Land:**

**In T44N, R7W, Hendricks Twp., Mackinac County:**

NE/4 SE/4 (40 acres); SW/4 NE/4 (40 acres); E/2 NW/4 (80 acres) of Section 24  
139473                      139464                      139465,139468

**In T44N, R8W, Hudson Twp., Mackinac County:**

W/2 NW/4 (80 acres) of Section 6    139771,139772

W/2 SW/4 (80 acres) of Section 6 (subject to Grantor's interest in limestone and other mineral rights through December 10, 2033)    139774\*,139775\*

NW/4 NW/4 (40 acres) of Section 7    139786

**In T44N, R9W, Garfield Twp., Mackinac County:**

All (640 acres) of Section 1 (subject to Grantor's interest in limestone and other mineral rights through December 10, 2033 in NE/4 SE/4)    140239,140240,140241,140242,140243,140244,140245,140246  
140247,140248,140249,140250,140251\*,140252,140253,140254

E/2 SE/4 NE/4 (20 acres); E/2 E/2 SE/4 (40 acres) of Section 2  
140258 (40 acres)                      140267,140270 (80 acres)

SE/4 NE/4 (40 acres); NE/4 SE/4 (40 acres) of Section 11  
140282                      140291

E/2 (320 acres); E/2 NW/4 (80 acres); SW/4 NW/4 (40 acres); SW/4, except S/2 SW/4 SW/4  
(140 acres) of Section 12    140295,140296,140297,140298,140299,140301,140302,140303,140304,140305,  
140306,140307,140308,140309,140310

N/2 NE/4 (80 acres) of Section 13  
140311,140312

**In T45N, R9W, Pentland Twp., Luce County:**

SW/4 SW/4 (40 acres) of Section 36    26081

\* "Buyer Land" (red on township maps)

**Exhibit F**  
**Option Agreement**

**OPTION AGREEMENT**

**THIS OPTION AGREEMENT ("Agreement")** is entered into \_\_\_\_\_, 2013, by the DIRECTOR OF THE DEPARTMENT OF NATURAL RESOURCES for the STATE OF MICHIGAN, of P.O. Box 30452, Lansing, Michigan 48909-79528 ("**State**") and GRAYMONT (MI) LLC, a Michigan limited liability company, of 111 Lyon Street, N.W., Suite 900, Grand Rapids, Michigan 49503-2487 ("**Buyer**"), pursuant to the terms of a certain Land Transaction Agreement, with Addendum, between Seller and Buyer dated \_\_\_\_\_, 2013 ("**Acquisition Agreement**"). State and Buyer agree as follows:

The State owns the real estate, and the improvements, fixtures, easements, division rights, hereditaments and appurtenances associated with that real estate, legally described on the attached **Schedule A ("Optioned State Land")**.

1. **Grant of Option.** The State, in consideration of the Acquisition Agreement, gives and grants to Buyer, subject to the terms and conditions of this Agreement, the exclusive right and option ("**Option**") to purchase the Optioned State Land.

2. **Term of Option.** The time period during which Buyer may exercise the Option commences on the Effective Date (as defined below) of this Agreement and expires automatically at 11:59 p.m. Eastern time five (5) years from the Effective Date of this Agreement ("**Option Period**"). If Buyer fails to timely exercise the Option, then Buyer shall sign and deliver to Seller such recordable evidence of the expiration of the Option as State may reasonably request.

3. **Exercise of Option.** Buyer may exercise the Option at any time during the Option Period by providing written notice to Seller ("**Exercise Notice**"), which identifies all or part of the Optioned State Land Buyer desires to purchase ("**Selected State Land**"). Buyer has no obligation to exercise the Option. The Option shall continue in full force and effect for the entire Option Period with respect to any portion of the Optioned State Land with respect to which Buyer has yet to exercise the Option. The Option shall expire automatically if not exercised or extended in accordance with these provisions within the Option Period. Upon exercise of the Option, this Agreement shall constitute a binding agreement for the sale and purchase of the Selected State Land, subject to the terms and conditions of this Agreement.

4. **Negotiated Purchase.** The sale will constitute a negotiated sale of surplus land pursuant to MCL Sections 324.2131 and 324.2132 and in entering into this Agreement, State shall have determined that the transaction meets the requirements of those statutes for making this sale and that State is enabled to complete the sale. As provided by applicable law for a negotiated cash sale of surplus land, Buyer shall pay to State as the purchase price the fair market value of the desired Selected State Land as established by appraisal, plus ten percent (10%). As Buyer will pay to State a production payment in accordance with **Paragraph 5** below in the event Buyer mines the site, such appraisal shall exclude any consideration of the value of

limestone and dolomite that may be present on the Selected State Land. Buyer shall pay the purchase price at closing by wire transfer of collected funds or cashier's check.

5. **Limestone Production Payment to State.** State will reserve a production payment equal to [to be established prior to signature by mineral evaluation acceptable to the parties] cents per ton of limestone and dolomite mined from and transported away from the Selected State Land, but only for parcels where State conveyed good and marketable title to the limestone and dolomite. The production payment shall be adjusted annually to reflect any change in the Producer Price Index-Commodities, series ID:WPUSOP3000, using Annual Index values, effective on each anniversary of this Agreement. If State or any local government in Michigan, now or in the future, imposes an extraction, severance or other tax, fee or charge on the mining, production, processing or sale of limestone and/or dolomite, the production payment in any given year shall be reduced by the amount of such tax, fee or charge applicable for that year.

6. **Reclamation Activities.** Though not required by law, Buyer will perform appropriate reclamation of the portion of the surface of the Selected State Land mined by Buyer as mining activities are completed, as described in the attached **Schedule B**, so long as Buyer acquired the surface of the Selected State Land from State. If the State enacts laws and/or regulations in the future governing reclamation activities at limestone quarries, then this **Paragraph 6** and the attached **Schedule B** shall automatically become null and void, and Buyer will instead comply with those laws and/or regulations.

7. **Title.** State shall not take any action that would impair State's title to the Optioned State Land during the Option Period. The obligations of Buyer under this Agreement are subject to the contingency, to be satisfied or waived prior to the closing date, that the Buyer satisfy itself, at Buyer's sole cost and expense, that it will receive good and marketable title to the Selected State Land, subject only to the matters referenced in this Agreement, and easements and restrictions of record not impairing Buyer's intended use of the Selected State Land, for the mining, managing, storing, transporting and processing of limestone and/or dolomite. If Buyer is not so satisfied, then Buyer may terminate this Agreement by written notice to State, given prior to closing.

8. **Closing.** The closing shall take place within sixty (60) days following the date Seller delivers the appraisal required by **Paragraph 4** above to State, on such date as is mutually agreed upon by State and Buyer, or in the absence of such agreement, on the last business day of such 60-day period. At closing, State shall sign and deliver to Buyer a quit claim deed for the Selected State Land, with separate deeds for any land located in different counties. Each quit claim deed shall be in State's standard form, but shall also recite that it: (a) transfers, without warranty, a number of division rights for each parcel described in the deed equal to the number of division rights allocated to a tract of that size under the Land Division Act, such number to be verified by Buyer's legal counsel; and (b) conveys all oil, gas, limestone, dolomite, sand, gravel, clay, marl and other metallic and nonmetallic minerals. At closing, State and Buyer shall also



sign and deliver to one another any other documents reasonably necessary or legally required to evidence the transactions referenced in this Agreement.

9. **Application of Buyer's Promises.** The provisions of this Agreement shall survive the closing. **Paragraphs 5 and 6** above are intended to run with the Selected State Land, and bind Buyer and its successors and assigns. Buyer and any successor or assign of Buyer shall be automatically released from such covenants following the date Buyer or such successor or assign transfers title to the burdened Selected State Land, but shall remain liable for any liability incurred under such covenants during the time period Buyer or such successor or assign owned the land.

10. **Payments.** The purchase price payment under **Paragraph 4** above shall be placed in the Land Exchange Facilitation Fund ("LEFF"), which fund is described in Subpart 10 of the Michigan Natural Resources and Environmental Protection Act, Act 451 of 1995, as amended. The production payments under **Paragraph 5** above shall made to the State.

11. **Miscellaneous.**

(a) All notices under this Agreement shall be in writing and shall be delivered to Seller and Buyer at their respective addresses set forth above, or at another address designated by like notice to one another. Personal delivery, fax, or mailing of a notice by certified mail, postage prepaid, or delivery by recognized overnight service shall be sufficient notice. Notice shall be effective upon receipt, if personally delivered or faxed, upon mailing, if mailed, or upon deposit with the overnight delivery service.

(b) This Agreement may not be amended, altered or modified unless done so in writing by the person against whom enforcement of any waiver, change, modification, or discharge is sought. This Agreement shall run with the land, and bind and benefit State and Buyer and their respective successors and assigns.

(c) Upon the signature of this Agreement, State and Buyer shall also prepare, sign and record in the Office of the Register of Deeds for each County in which the Optioned State Land is located, a "short form" of this Agreement, summarizing its terms, at Buyer's expense.

(d) This Agreement and the exhibits to this Agreement contain all of the representations and statements by Seller and Buyer to one another and express the entire understanding between Seller and Buyer with respect to the transaction. All prior and contemporaneous communications concerning the transaction are merged in and replaced by this Agreement.

State and Buyer have signed this Agreement as of the dates set forth below.

GRAYMONT (MI) LLC, a Michigan limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

**Buyer**

DIRECTOR OF THE DEPARTMENT OF NATURAL RESOURCES for the STATE OF MICHIGAN

By: \_\_\_\_\_

Its: \_\_\_\_\_

**State**

9206443-7

**SCHEDULE A**

**Optioned State Land**

**Surface and Mineral Rights, including limestone and dolomite:**

**In T44N, R7W, Hendricks Twp., Mackinac County (920 acres, more or less):**

SE/4 SE/4 (40 acres) of Section 24 139474

NE/4 SE/4 (40 acres); N/2 S/2 SE/4 (40 acres); NE/4 (160 acres); S/2 S/2 NW/4 (40 acres); W/2  
SW/4 (80 acres) of Section 25 139475,139476,139477,139478,139481,139482,139486,139487,139488  
139483,139484

S/2 (320 acres) of Section 26  
139497,139498,139499,139500,139501,139502,139503,139504

E/2 SE/4 (80 acres); SW/4 SE/4 (40 acres) of Section 27  
139517,139520 139519

N/2 NE/4 (80 acres) of Section 34  
139620,139621

**In T44N, R6W, Trout Lake Twp., Chippewa County (500 acres, more or less):**

W/2 NW/4 (80 acres) of Section 29  
206952,206953

NW/4 SE/4 (40 acres); N/2 SW/4 SE/4 (20 acres); N/2 (320 acres); N/2 S/2 SW/4 (40 acres) of  
Section 30  
206963,206964,206965,206966,206967,206968,206969,206970,206976,206977,206973,206974

**SCHEDULE B**

**Reclamation Activity**

[insert language from Acquisition Agreement Addendum Exhibit C (Reclamation Activity)]